

## U.S. RETIREMENT IN MEXICO RESEARCH SERIES

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### *Civic Engagement, Volunteerism and Charitable Giving: Americans Retiring in Mexico's Coastal Communities*

#### **Executive Summary**

This study examines whether the American commitment to volunteerism and charitable giving is as evident among U.S. retirees in other countries as it is in the U.S., and in particular, how committed U.S. retirees in their adopted Mexican communities are engaged in civic engagement and charitable giving.

As baby boomers -- the generation of 77 million Americans born between 1946 and 1964 -- retire, they represent a tremendous potential resource to their communities for public service and volunteerism. A recent study undertaken by the U.S. Corporation for National Public Service (CNPS) determined that the number of volunteers aged 65 and older will increase 50% over the 13 year period from 2007 to 2020, from approximately 9 million senior volunteers to over 13 million.<sup>1</sup> According to CNPS, that number is likely to continue to rise because the youngest baby boomers will not reach age 65 until 2029. Furthermore, research has shown that that

older volunteers may derive additional health benefits from volunteering such as greater life satisfaction and lower rates of depression.<sup>2</sup>

While the pool of potential baby boomers engaged in voluntary service is expected to grow in the coming years, not everyone in that population is expected to remain in the United States. In fact, due to the rising costs of retiring in the United States, a growing number of American retirees are opting to retire overseas. And, among overseas retirement destinations, Mexico is considered one of the most preferred retirement locales because of its affordability, lifestyle options, and its close proximity to the United States.

To better understand perceptions and lifestyle trends of U.S. retirees in Mexico, the International Community Foundation conducted a comprehensive study of U.S. retirees in Mexican coastal communities between July and November 2009. A key focus of this research included an analysis of

civic engagement, volunteerism and charitable giving trends among the U.S. expatriate community. The target populations surveyed were those aged 50 years or older who are now either retired full-time in Mexico or residing there on a part-time basis.

Several key findings emerged from the research. Volunteerism and giving to charity is as robust among U.S. retirees living in coastal Mexico as it is among retirees in the U.S. This is especially noteworthy since relatively few of these donors receive a tax deduction for their gifts. Respondents not only give in Mexico, but continue to give in the U.S. as well. These retirees volunteer because of their strong sense of social responsibility, and desire to make a difference in their communities. They report that their volunteer efforts increase their sense of belonging in Mexico, and contribute to an increased sense of community among local neighbors and friends.

Respondents engage in a wide range of volunteer activities, most prominently with education-focused charities, community projects, and the environment. Social issues such as poverty, stray animals, economic challenges, unemployment, and lack of educational opportunities for youth concern them. Many retirees are willing to get involved to solve such problems, and report they would even consider Peace Corps service should the program be expanded to include retirees.

Despite their inclination to be civically

involved, there is a gap between U.S. retirees and Mexican-led nonprofit organizations in Mexico. Many respondents to this survey indicated that they were more likely to start their own nonprofit or to be involved in nonprofits created by other expats than to engage in work with a Mexican nonprofit. This could be due to doubts retirees have about the accountability and transparency of Mexican nonprofits, which often exist in a nascent state. Factors such as cultural misunderstandings and language barriers may also influence the willingness of retirees to engage with Mexican nonprofits. Yet, despite these findings, many U.S. retirees have a favorable impression of Mexican nonprofits in terms of program strength and effectiveness.

Nevertheless, the potential for connection between retirees and Mexican communities is rich. Many retirees are willing to consider not only volunteering and giving, but planned giving and property bequests to Mexican nonprofits. At this time, Mexican nonprofits have a limited capacity to leverage this valuable resource. Thus, there exists a very real potential, for the gap between Mexican nonprofits and the U.S. retiree community to increase. This report makes a number of specific recommendations for both Mexican nonprofits, and U.S. policy makers to make improvements and promote future collaboration in volunteerism, philanthropy, and civic engagement.

## Introduction

With a growing number of Americans now

retiring in Mexico, there is a need to better respond to the demands of this fast-growing expatriate population. Through its *Retiring Responsibly in Mexico* initiative, the International Community Foundation seeks to inform, educate, and engage would-be retirees, retirees, would-be home buyers, real estate developers, nonprofit organizations, and policymakers at the local, state, and federal levels of government in both the United States and Mexico. The issues addressed through this initiative are environmental sustainability, financial and environmental transparency, and the responsibilities of stewardship related to coastal tourism residential development (particularly those residential projects designed for the 50+ population from the United States seeking to retire in Mexico). The Foundation's *Retiring Responsibly in Mexico* Initiative has three key objectives:

- To undertake timely and relevant research on the demographic patterns of U.S. retirees in Mexican coastal communities in order to better understand the impacts of current north to south migration trends as they relate to emerging issues of economic security, health care and public safety.
- To understand the impacts of recent coastal development in Mexico that are fueled by the influx of U.S. retirees including assessing the impacts on surrounding ecosystems, documenting trends in sustainable retirement communities, and recognizing the

legal/financial risk for homebuyers.

- To assess the level of social capital among U.S. retirees residing in Mexico with a focus on volunteerism, charitable giving, and civic engagement in their adopted communities.

This report details the results of a study designed to address the last of these objectives - the level of volunteerism, charitable giving, and civic engagement among U.S. retirees in Mexico. The full research series is available at <http://www.icfdn.org/publications/rra.php>.

The role of retirees in Mexico can usefully be compared with the role of retirees in the United States with regard to volunteer and giving activity. In 2007, the Corporation for National Public Service (CNPS) undertook the first comprehensive research study of volunteerism among the baby boom generation. The data for the CNPS's study was drawn from the U.S. Census Bureau's Current Population Survey and its volunteer supplements for 1974, 1989, and 2002 to 2006.<sup>3</sup> Baby boomers - the generation of 77 million Americans born between 1946 and 1964 - represent one of the greatest boons to local communities given their potential for expanded public service and volunteerism as these individuals retire. The following findings by CNPS are revealing.

- The number of U.S. volunteers age 65 and older is predicted to increase 50% over the 13 year period between 2007

## Civic Engagement, Volunteerism and Charitable Giving: Americans Retiring in Mexico's Coastal Communities

4

and 2020, from just fewer than 9 million senior volunteers in 2007 to more than 13 million,<sup>4</sup> and continue to increase until the youngest cohort of baby boomers reaches age 65 in 2029.

- Each year, approximately 3 out of 10 baby boomer volunteers stop volunteering.
- The greater the time commitment a baby boomer makes to volunteering per year, the more likely he or she is to volunteer the following year.
- Volunteer retention is related to the type and nature of volunteer activity. Professional and managerial, performance, tutoring, mentoring, or coaching result in greater retention than general labor or supplying transportation.
- Volunteer retention rates are related to the ways baby boomers initially become volunteers; higher retention is primarily related to self-motivated volunteers, then those asked by the volunteer organization, and finally, those asked by their employers.
- Baby boomers have different volunteer interests than those of past generations. There is an increasing interest in educational and youth service organizations.
- There is a strong connection between volunteering and charitable giving.<sup>5</sup>

Active volunteers are more generous donors.

- Baby boomers who volunteer regularly are more likely to stay as volunteers than episodic or occasional volunteers.
- Baby boomers and older generations who volunteer in environmental or animal care, public safety, and religious organizations have the highest volunteer retention rates, even though these types of charities generally draw the fewest volunteers.

In a separate review of research on the health benefits of volunteering, it has been determined that:

- Older U.S. volunteers are most likely to receive some additional health benefits from volunteering, including greater life satisfaction, and lower rates of depression.<sup>6</sup> In fact, one of the cornerstones of “active aging” research in Mexico is documenting opportunities for older adults to participate in productive social activities that include, among others, social development, work, education, health, cultural and spiritual development.<sup>7</sup>
- Although the U.S. population of retirees is actively involved in volunteer services and charitable giving, it may be due to their heightened sense of social

## Civic Engagement, Volunteerism and Charitable Giving: Americans Retiring in Mexico's Coastal Communities

5

responsibility. In an AARP survey entitled "More to Give," 55% of older Americans believe they "will leave the world worse off"<sup>8</sup> and 4 in 10 surveyed plan to increase their volunteer work over the next 4-5 years, representing 45 million older adults.<sup>9</sup>

### Methodology

The International Community Foundation's survey included both quantitative and qualitative methods, and included:

- a thorough literature review of tourism- and retiree-related literature on Mexico,
- a thorough review of government statistics from multiple sources to assess the size of the population of U.S. citizens in the Republic of Mexico,
- a survey utilizing purposive sampling (snowball) technique to secure participation and a representative sampling of U.S. citizens and U.S. permanent residents 50 years of age and older residing in Mexico either on a full-time or part-time basis,
- a total of 842 usable surveys (76%) of the 1,003 participants who elected to participate,
- five 2-hour focus groups (with each containing 10-12 self-identified U.S. retirees living in Mexico) to assess the viewpoints of participants on a wide range of issues impacting the U.S. retiree community in Mexico.

specific market research studies, the Foundation estimates that there is a permanent and floating population of U.S. residents in Mexican coastal communities of approximately 200,000-300,000. Survey respondents self-identified their "adopted communities" as Baja California, Baja California Sur, Sonora, Sinaloa, Jalisco, and Quintana Roo (among other locations). For details about research methodology, please see

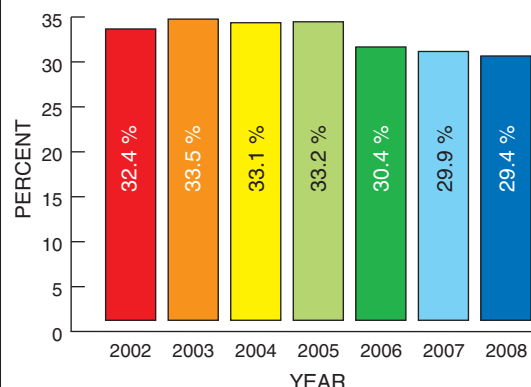
[http://www.icfdn.org/publications/retireeresearch/?page\\_id=192](http://www.icfdn.org/publications/retireeresearch/?page_id=192).

### Survey Findings

#### *Volunteerism*

Among those U.S. coastal retirees surveyed, nearly 60% volunteer their time to a charitable cause in Mexico and over 29% volunteer at least once a week or on a regular

**FIGURE 1. National Volunteer Rate for Baby Boomers**



Source: <http://www.volunteeringinamerica.gov>, 2010.

Based on Mexican Census data and regionally

## Civic Engagement, Volunteerism and Charitable Giving: Americans Retiring in Mexico's Coastal Communities

6

basis, as indicated in Figure 1. This commitment to volunteerism parallels the commitment of retired Americans in the United States based on findings from the Corporation for National & Community Service.

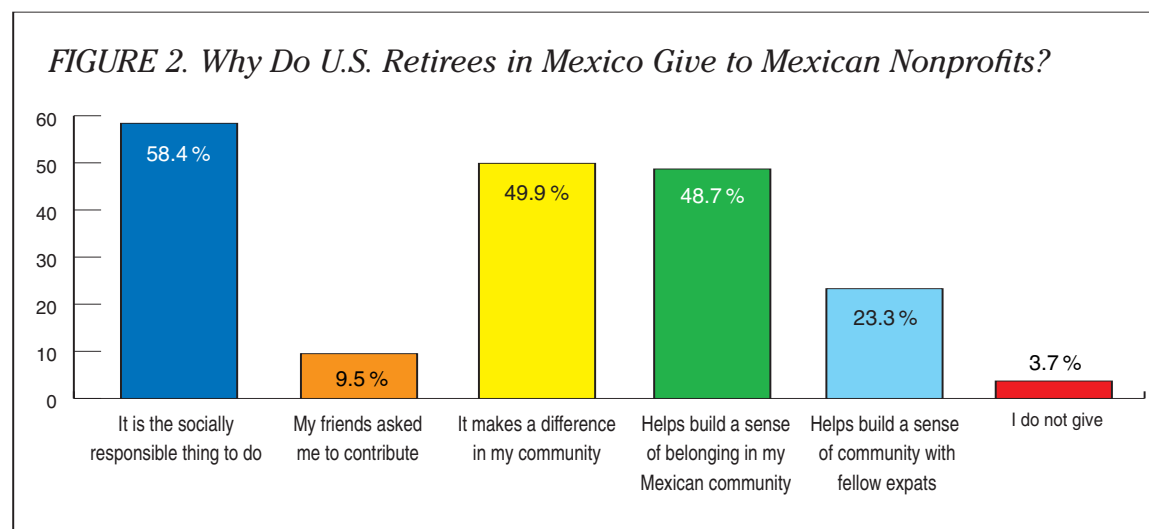
### *Charitable Giving*

In the area of charitable giving, it was found that an overwhelming majority of U.S. retirees surveyed, almost 70%, reported contributing financially to Mexican charitable organizations.

Among those that reported giving, over half (53%) reported donating over \$100, sometimes significantly more. Nearly 9% reported giving between \$501 and \$999, 8.9% contributed between \$1,000 and \$2,499 annually; and, over 4% gave over \$2,500 annually to Mexican charitable organizations.

Furthermore, among those that reported making donations, their contributions were not limited to cash. In fact, 78.6% of coastal retirees reported they had contributed goods or services to a Mexican charity on an in-kind basis.

Remarkably, among those surveyed, only a small number (15.2%) reported receiving a tax deduction for their charitable contribution to Mexican charities, primarily in the U.S. 85% of those that received a tax deduction did so via a U.S.-based charitable intermediary, such as the International Community Foundation. These data further underscore the potential that exists for philanthropic growth in Mexico. The tax deductibility of donations in Mexico is considered, by 40% of respondents, an important policy issue for both the U.S. and Mexico to address.



Source: International Community Foundation Survey, 2009

Notably, the generosity of American retirees in Mexico is not a win-lose situation between U.S. and Mexican charities. Among U.S. retirees in Mexican coastal communities, over 51% of those surveyed continue to contribute to U.S. charities back in their communities of origin. Furthermore, nearly 30% of the American retirees surveyed indicated that they would consider donating their Mexican property to a Mexican public charity if they could obtain tax deductibility for the gift.

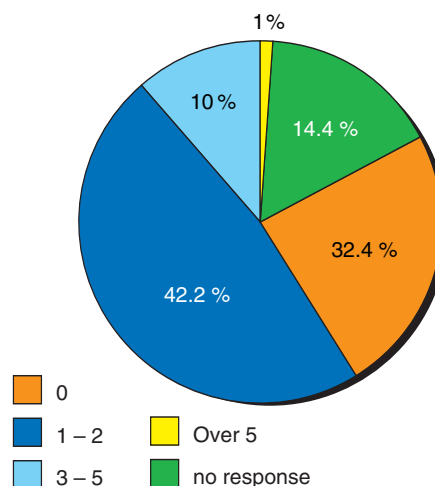
#### *Why American Retirees Living in Mexico Contribute*

Figure 2 provides information about voluntary contributions to Mexican charities by American retirees. When asked why they gave, 58.4% of respondents indicated that it is the socially responsible thing to do, 49.9% mentioned that they want to make a difference in their communities, and 48.7% noted that it helps them build a sense of belonging in their adopted Mexican community.

#### *Civic Engagement*

Beyond the giving of volunteer time, resources (financial and in-kind), and talent, U.S. retirees in Mexico maintain a strong desire to be associated with charities in their adopted communities. In fact, as Figure 3 demonstrates, 42% of American retirees surveyed are actively involved in at least one or two Mexican charities in their adopted communities, while another 11% are affiliated with more than three. Among those Americans that are active with Mexican charities, 44% indicated that they

**FIGURE 3. U.S. Retiree Membership in Mexican Nonprofits**



Source: International Community Foundation Survey, 2009

joined on their own, 38% were invited by a friend, and over 7% started their own organization.

The focus group of retirees reported being active in charitable activities such as mentoring young adults, providing music and art lessons, and volunteering at the local hospital, orphanage, library, and animal shelter. In addition, focus group participants were proud of the fact that they helped bring the concept of philanthropy and volunteerism to their adopted Mexican community. They also expressed pride that their actions are setting a good example for their fellow expats and Mexican neighbors. They believe that they are instilling a sense of community involvement that has not existed in the past.<sup>10</sup>



## Civic Engagement, Volunteerism and Charitable Giving: Americans Retiring in Mexico's Coastal Communities

8

The degree of awareness about Mexican nonprofits among Americans residing in Mexico varied greatly. Among the charities in Mexico, U.S. retirees are most familiar with the work of education-focused charities, particularly those providing educational opportunities for Mexican children and youth. 51% of respondents are aware of nonprofits involved in community projects, while 27% knew of organizations that focused on the environment.

*"It is enjoyable to interact with local Mexicans and work together."*

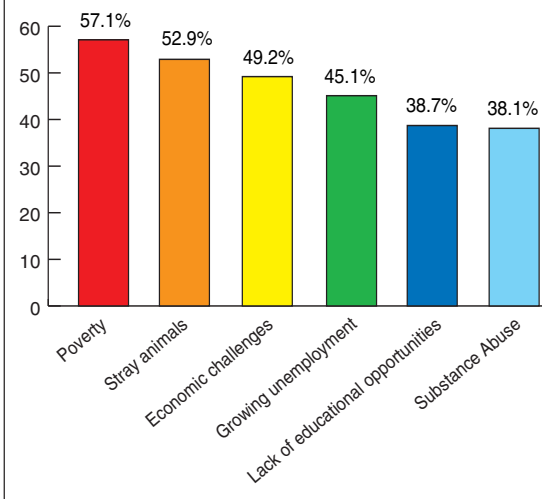
*- focus group participant, Rosarito*

U.S. retirees also identified important social issues and challenges in their adopted communities, such as poverty, which ranked first, followed by the problem of stray dogs and cats. As Figure 4 indicates, these key issues are followed in ranking by growing economic challenges, growing unemployment, lack of educational opportunities for youth and substance abuse (38%).

While U.S. retirees are quick to point out issues in Mexico that concern them, a growing number are also prepared to commit to public service to directly tackle some of these difficult issues. One way for U.S. retirees to become involved is through service in the U.S. Peace Corps, which was introduced in Mexico in 2005. However, the initial program was quite limited with only 43 volunteers. In 2007, an additional 32

Peace Corps volunteers were added to support both the Mexican science and technology agency, CONACYT, and the Mexican environmental secretariat, SEMARNAT.<sup>11</sup> In fact, this program is a prototype that draws on older retirees with professional and technical training and advanced degrees. The average age of a U.S. Peace Corps volunteer in Mexico is 48 (including one 79-year-old), while the average age of a volunteer in Mali is just 24 years old. The U.S. Peace Corps program in Mexico requires five years of experience and preferably a masters' degree.<sup>12</sup> Of those surveyed, 53% of respondents indicate that they would consider volunteering with the Peace Corps in Mexico if the U.S. government expanded the program to

**FIGURE 4. What Social Issues Do You See in Your Mexican Community?**



Source: International Community Foundation Survey, 2009



## Civic Engagement, Volunteerism and Charitable Giving: Americans Retiring in Mexico's Coastal Communities

9

engage U.S. retirees.

### *Perceptions of Mexican Nonprofits*

In general, the perception that U.S. retirees have of the nonprofit sector in their adopted Mexican communities is quite good (Figure 5). Over 42% believe that the charities are providing services to their community that are not otherwise being provided by government (only 6% responded “no”); 47% believed that Mexican charities use volunteers and/or donations well (only 5% responded “no”), and 38% indicated that the Mexican nonprofits have meetings that are open to the public and transparent (again, a small number - 6% - responded “no”). It is also interesting to note that almost 46% of respondents observed that the

Mexican nonprofits had staff or board members that spoke English, potentially allowing for better communications.

While the perception of charities in their adopted communities is generally good, 45% of American retirees surveyed felt that Mexican nonprofits are operating on a shoestring budget. 41% acknowledged they did not know if Mexican charities manage their money wisely.

Furthermore, responses seem to indicate that some questions and doubts about the Mexican charities exist in the minds of those surveyed. For example, 48% did not know if Mexican charities have any government oversight, and 51% did not know if their

**FIGURE 5.** *Perceptions of Mexican Nonprofits among U.S. Retirees*

	Yes	No	Don't Know
Replace government services that are needed in our community	42.9%	5.9%	26.2%
Use volunteers and donations well	47.5%	5.0%	23.0%
Have staff and board members that speak English	45.5%	7.1%	22.0%
Meetings and activities are open to the public and transparent	38.2%	6.1%	29.8%
Have boards of directors and staff that guide decision-making	39.0%	3.2%	31.0%
Have government oversight	6.8%	17.5%	47.7%
Have Mexican tax deductibility	15.0%	6.7%	51.0%
Manage their funds wisely	27.0%	5.3%	40.7%
Operate on a shoestring budget	44.7%	4.6%	25.9%
Keep regular office hours	12.9%	18.8%	37.8%

Source: International Community Foundation Survey, 2009

favorite charity has Mexican tax deductibility. In fact, in almost every category, between one-quarter and one-half of respondents answered “don’t know”, demonstrating the lack of known information in the U.S. retiree community about the nonprofit sector in Mexico.

### Key Demographics

Figure 6 provides a demographic profile of the U.S. retiree community surveyed in Mexico. Given this profile there appears to be a potential pool of highly qualified volunteers to assist local nonprofit organizations in the region. For example, there is a community of active older adults with the time to volunteer (73% are fully retired) and with proven business and/or managerial experience (68% had either careers in the private sector or are self-

employed). Almost 67% are college graduates, with 31% having advanced degrees, including 7% with doctoral degrees. Close to 50% reside in Mexico full-time.

Understanding what motivates U.S. retirees is important. Research conducted by AARP has found that U.S. retirees want to stay “healthy and active” (48%) as well to “help people in need” (52%).<sup>13</sup> These findings are consistent with Sunil’s study of U.S. retirees in Mexico, which notes that an active social life includes “volunteering and charitable activity”.<sup>14</sup>

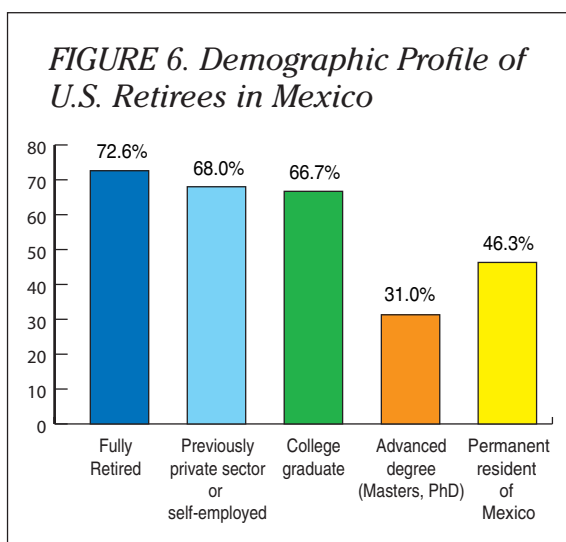
*“Charitable events are social too.  
We all go and we all give.”*

*- interview, Puerto Vallarta*

Volunteering also increases interaction between Mexican and U.S. residents in the cities along Mexico’s coastline. In the survey related to sea turtle organizations, 45% of adults had volunteered for a beach or sea turtle habitat cleanup effort and many were repeat volunteers.<sup>15</sup> Given these motivations and the demographic profile of the population studied in the survey, it appears that there may be a well of underutilized volunteer resources available to Mexican nonprofits.

### Discussion

Based on the survey results, U.S. retirees in Mexican coastal communities have demonstrated a commitment to volunteerism, charitable giving, and civic



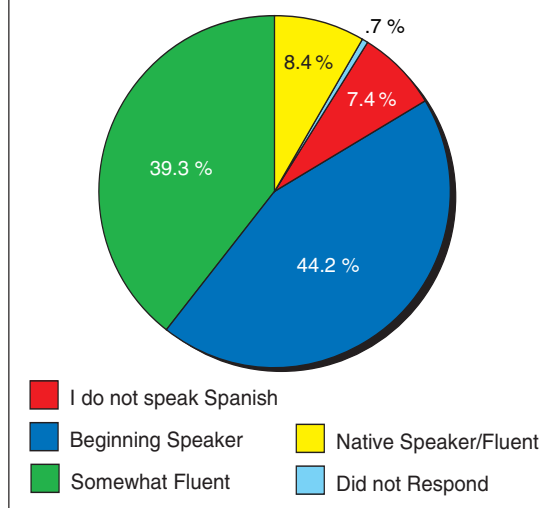
Source: International Community Foundation Survey, 2009

engagement that is the same or greater than Americans retirees now living in the United States. In fact, due to the value that expatriate Americans place on their voluntary service as a way to forge a sense of belonging in their adopted communities, a fair argument can be made that the potential degree of volunteerism, charitable giving, and civic engagement is greater among U.S. retirees in Mexico than those residing in the United States.

The capacity to speak a foreign language influences the degree to which U.S. retirees engage charitable activities. In focus groups conducted by the ICF in the summer and fall of 2009, many respondents note that Spanish language proficiency is a driving factor in their ability to volunteer with a Mexican charity. As can be seen in Figure 7, the online survey results show that in terms of Spanish speaking ability, 92% described themselves as having some familiarity with the Spanish language with 8% claiming to be fluent Spanish speakers. A sample bias may exist, as survey respondents could overestimate their Spanish language abilities. Still, the vast majority of those Americans settling in Mexico have some comfort with the Spanish language, although possibly not quite enough to feel comfortable as a volunteer who must rely on their Spanish language skills.

The link between volunteering and charitable giving cannot be overstated when it comes to the U.S. population. A 2009 survey by the Fidelity Charitable Gift Fund surveyed 1,000 U.S. individuals with an average age of 45.

*FIGURE 7. Spanish Language Proficiency Among U.S. Retirees*



Source: International Community Foundation Survey, 2009

Household income was just \$60,000, much less than the Indiana University study, making this cohort more aligned with the International Community Foundation's survey respondents. The findings are as follows:

- Those that volunteered in the past 12 months donated up to ten times more money to charities than non-volunteers - the difference between \$2,593/year and \$230/year. Those volunteers also stated that they are likely to increase their donation in 2010 despite the economic downturn.<sup>16</sup>
- Of those that stated they would increase their financial contribution in

## Civic Engagement, Volunteerism and Charitable Giving: Americans Retiring in Mexico's Coastal Communities

12

2010, only 15% of them were over 55 years of age; 45% were under 35. The increase was projected to be 5-10% (43% of respondents), 11-20% (12% of respondents), or over 20% (15% of respondents).<sup>17</sup>

Another survey by Convio and Sea Change Strategies looked at how four different generations of donors give. With over 1,500 respondents that had donated at least once in the past twelve months, Convio documented the techniques and reasons for each generation to contribute to a nonprofit:

- Baby boomers and seniors give most - 67% and 79% respectively - but 55% of those under 45 donate as well. As donors age, they give more, but this is not reflective of the size of the gift as much as it is the number of groups that they donate to.<sup>18</sup>
- If the survey results are extrapolated to the entire population, the financial contributions from the baby boomer generation alone could reach \$47 billion annually. The average gift from this group was \$901/year.<sup>19</sup>
- Donors respond to different information channels depending on their age. Seniors prefer mail (77%), baby boomers donate at the checkout stand (52%), and younger donors prefer electronic gifts through websites, social networking sites, and text messages (30-35%)<sup>20</sup>

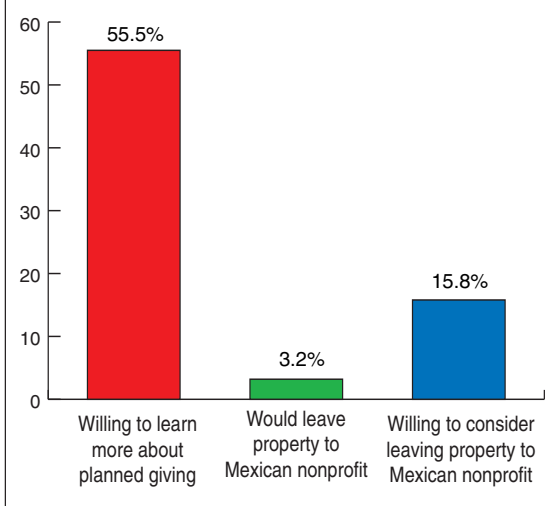
- All age groups preferred for a friend to ask them to contribute - either at an event, through an email recommendation, or just word of mouth.<sup>21</sup>
- An organization cannot assume that donors receive information and contribute in the same format - donors might receive an email and then contribute through Facebook.<sup>22</sup> Therefore, communication must be through different channels.

The majority of U.S. retirees in Mexico are highly connected with friends and family in their communities of origin; over 89% are in regular contact with U.S. family and friends. These regular communications have the potential to increase giving to Mexican charities in ways that would otherwise not be possible by Mexican volunteers.

Additionally, in those instances where U.S. retirees have been actively involved on the boards of Mexican charities, the charities in question have dramatically diversified their base of potential donors throughout the United States.

As noted by the Convio survey, multiple types of communications channels are needed to attract and retain potential donors. In the case of U.S. retirees living overseas, electronic newsletters and emails, Facebook "fan" and "campaign" pages, and Twitter/text messages would be the most appropriate given that over 85% of our survey respondents use the internet as their main

**FIGURE 8. Potential for Planned Giving Among U.S. Retirees in Mexico**



Source: International Community Foundation Survey, 2009

form of communication with family and friends in the U.S. 60% read online newspapers and blogs to get news from home and in their adopted community in Mexico. Listservs amongst the U.S. retiree community are prevalent. Not only is this an easy way for Mexican nonprofits to distribute information, it is a critical way for them to ask for support and for U.S. retirees to send it on to others with a request for support.

Although many Mexican nonprofits have websites, the organizations do not invest in updating them regularly, nor do they send electronic newsletters or emails on a regular basis. In fact, a recent study of 16 organizations affiliated with sea turtles in Baja California Sur demonstrated that none of

the groups maintain regular contact with the general public, although over 500 people surveyed said that they wanted to become “a paying member of a sea turtle organization.”<sup>23</sup>

The potential for legacy gifts among U.S. retirees in Mexico is also substantial. Among those surveyed, 55.5% expressed a willingness to learn more about the possibilities for planned giving, including bequests, estate gifts, and gifts of real estate that would benefit the Mexican charities upon their death.

Figure 8 shows that while a mere 3% of survey respondents state that they would definitely be willing to donate their Mexican owned real estate or *fidecomiso* (real estate bank trust for properties within the federal coastal zone) upon their death (if they could receive a tax deduction for the gift), almost 16% would consider the possibility and over half of respondents said they would be willing to learn more about planned giving.

### Challenges

What has emerged in more mature “retirement tourism” destinations, such as Puerto Vallarta and Mazatlán, is a parallel universe of nonprofits - those run by Mexicans and those led by Americans. They may tackle different issues simply because Americans are more sensitive to litter and stray animals, while Mexican charities focus on more traditional social needs like basic nutrition and orphanages. In turn, American retirees volunteer and donate to the organizations that their neighbors and friends support rather than seeking out a

Mexican group that may be performing exactly the same service, but in Spanish. This segregation of the nonprofit sector does not effectively utilize the talents, time, or financial resources of U.S. retirees.

So, while the potential for civic engagement among U.S. retirees in Mexico is considerable, this potential has not been maximized due, among other things, to the limited capacity of most Mexican nonprofits to take full advantage of the pool of available volunteer labor among the U.S. community of retirees. Those Mexican charities that have been most successful in engaging the U.S. retiree community have, more often than not, been those nonprofits that have been started by U.S. or Canadian expatriates.

Alternatively, they are organizations with an active English-speaking voluntary presence, or with mixed Mexican/U.S./Canadian member boards. While these organizations are legally registered as nonprofits in Mexico and many have Mexican board members, they are likely driven by the vision and leadership of their U.S. or Canadian founders.

*“American expats will come down, see a void, and seek to fill it with an organization or volunteer effort.”*

*- focus group participant, Los Barriles*

In short, there is an incredible opportunity to broaden the level of U.S. retiree voluntary engagement with Mexican nonprofit organizations. However, cross-cultural communications barriers and prejudices would need to be overcome that have

historically precluded more active involvement of U.S. and Canadian residents on the boards of many traditional Mexican nonprofit organizations. For example, in focus groups, several individuals mentioned the Desarrollo Integral de la Familia (DIF), which functions as a social service agency and is traditionally led by the wife of the Mayor. U.S. retirees might view this as a politically-motivated organization, but Mexicans see it as a typical charity. In fact, some Mexican charities have visible political support at the municipal or state level, mainly because they are publicly-funded.

In addition, there is an opportunity to increase Mexican and American participation through memberships. This will help increase unrestricted funding (even at a small scale) and will raise visibility (through stickers and t-shirts) throughout the community. For U.S. retirees and visiting family and friends, this is a way for them to feel connected to their adopted community even when they are somewhere else for part of the year. Gift memberships are another way to connect friends and family to a Mexican nonprofit.

It is important to note that in many of the Mexican coastal states the number of actual nonprofits remains quite limited. Figure 9 provides a summary of the number of registered Mexican organizations with Mexican *donatario autorizado* status per state.<sup>24,25</sup> *Donatario autorizado* allows a Mexican nonprofit organization to provide a legal tax receipt to any donor, including for in-kind gifts of goods.



*Figure 9. Mexican Coastal State Nonprofits with Donataria autorizada Status – 2006*

State	# of Donataria autorizada Nonprofits	% of Nonprofits in Mexico
Baja California	134	2.6%
Baja California Sur	22	0.43%
Jalisco	353	6.86%
Nayarit	14	0.27%
Quintana Roo	45	0.87%
Sinaloa	112	2.18%
Sonora	162	3.15%

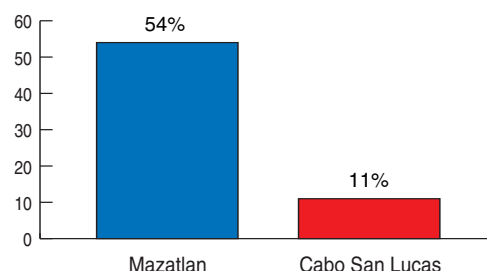
Source: Sergio Garcia, et al, "Donatarios Privados 2006: Un aproximación a la contribución ciudadana para las causas sociales," ITAM/INCIDE Social, June 2009, Annex 1.

Even though the number of Mexican nonprofits in coastal states remains limited compared to other major metropolitan areas of Mexico (e.g. Monterrey, Mexico, D.F), Mexico is among the OECD countries with the weakest nonprofit sector. All told, in 2005 there were just over 8,000 nonprofits in Mexico. That equates to nearly 14,000 people for every one nonprofit.<sup>26</sup> By comparison in 2007, there were over 1.4 million nonprofits in the United States which equates to 215 people for every one nonprofit.<sup>27</sup> This contrast helps illustrate another one of the key challenges to better engaging U.S. retirees to become more actively involved in Mexican NGOs, namely the lack of organizational breadth, sophistication, and choice that would-be volunteers might

otherwise be accustomed.

Of cautionary interest is the fact that U.S. retirees that actively engage in charitable work in their adopted Mexican communities often do not recognize the work of their Mexican counterparts. The Mexican charitable sector is fairly nascent, with volunteer boards that may not have much training or experience in nonprofit management. This leads the U.S. retirees to seek out organizations that are more familiar to them, typically run by other expats. As Figure 10 shows, in Mazatlán, 54% of a group surveyed in 2007 belonged to a group that is affiliated with U.S. expats; in Cabo San Lucas, it is just 11%.<sup>28</sup> These are not just charities, but also represent important social networks that are strengthened over time. This has the potential to further alienate the Mexican nonprofits from their foreign-run counterparts instead of bringing them closer together to collectively solve the social

*FIGURE 10. U.S. Retiree Affiliations to Mexican Nonprofits led by a U.S. Expatriate*



Source: Lizarraga Morales, 2008.



challenges of their respective communities.

### *Implications*

Without question, the potential for expanded U.S. volunteerism, charitable giving, and civic engagement in Mexican coastal communities is substantial. In the near term, until Mexican nonprofits address the issues that preclude more active involvement of foreign board members and volunteers, U.S. retirees will be largely limited to those organizations that are led by expatriates or those few Mexican charities that are already engaging this population. In the coastal communities that were surveyed, these organizations are heavily skewed to charities focused on educational scholarships, after school programs/educational enrichment; animal welfare (including dog and cat shelters), and service organizations/clubs.

Mexican nonprofits should work to improve their communications to the general public as well as potential donors and volunteers. Dedicated staff will be a critical element to the success of this effort and in fact, may coordinate events, communications, and volunteers. Together, these are the elements that will build a dedicated donor base in both the Mexican and U.S. retiree communities. This includes a specific effort to speak directly to friends, family, neighbors, and like-minded individuals, which has been documented to generate a stronger response financially and with an individuals' time.

As some of the barriers that preclude more active U.S. voluntary engagement are addressed, the vast potential that exists

among U.S. retirees could be better leveraged. As the respondents to this survey indicated, they are prepared to commit their time, resources, and talent to the causes they are most passionate about addressing, including issues such as poverty alleviation and the environment.

Furthermore, with expanded U.S.-Mexico bilateral collaboration, an enormous opportunity exists to expand the U.S. Peace Corps engagement in Mexico. As noted above, 53.3% of American retirees surveyed indicated they would consider volunteering with the Peace Corps in Mexico if the U.S. government expanded a program in country to engage U.S. retirees.

### **Recommendations**

Based on the findings from this research, the Foundation is proposing two sets of recommendations that will increase civic participation by U.S. retirees living in Mexico. The first are recommendations for Mexican nonprofits and the second are recommendations for U.S. policymakers.

#### *Mexican Nonprofits*

We recommend that Mexican nonprofits:

- Consider establishing binational advisory boards that will provide opportunities for meaningful voluntary service for U.S. and Canadian expatriates.
- Mexican nonprofits should consider expanding the organization's board

## Civic Engagement, Volunteerism and Charitable Giving: Americans Retiring in Mexico's Coastal Communities

17

to U.S. and Canadian retirees. As this report has highlighted, active volunteers more often than not also become committed donors.

- Consider creating new Board committees (that include non-Board members from the U.S. and Canada) to expand opportunities for seasonal residents.
- Consider creating or expanding volunteer programs to provide new or greater opportunity for involvement of seasonal U.S. and Canadian residents.
- Include volunteer program planning as core element of organizational strategic plan.
- Work proactively with Mexico's Migration Institute to better communicate to U.S. retirees the requirements for changing their visa status. The majority of U.S. retirees are unaware of the need for them to obtain an FM-3 visa as a condition of their voluntary service or board service with a Mexican nonprofit, because technically they would be working in Mexico, albeit on a voluntary basis.
- Invest in cross-cultural communications training to overcome existing barriers that are precluding more active involvement in the Mexican nonprofit sector by U.S. and Canadian expatriates in Mexico.

- While Mexico has no estate tax, Mexican charities would be well-served to become more educated about the potential for planned giving among U.S. donors, as estate taxes in the United States incentivize U.S. retirees to give prior to the end of life. As the survey findings reported, the potential also exists among U.S. expatriates to donate Mexican-owned real estate to the charities in their adopted Mexican communities.
- Convene a group to review and make recommendations on the Mexican tax law regarding philanthropy. With additional incentives to give, Mexican donors may increase their financial contributions to the nonprofit sector, which in turn, should spur additional giving from their U.S. counterparts.

### *U.S. Policymakers*

We recommend that U.S. policymakers:

- Expand the U.S. Peace Corps program in Mexico to access additional technical and managerial skills on behalf of the nonprofit sector instead of only government and quasi-government agencies. Typically, this type of program also offers Spanish-language training, which would substantially increase U.S. retirees' ability to interact with the nonprofit community in Mexico.
- Expand the geographic coverage area for the Corporation for National

## Civic Engagement, Volunteerism and Charitable Giving: Americans Retiring in Mexico's Coastal Communities

18

and Community Service, Senior Corps, and serve.gov to include Americans living abroad, starting with a pilot program in Mexico.

### Research Methodology

The International Community Foundation's survey included both quantitative and qualitative methods. First, a thorough literature review of tourism- and retiree-related literature on Mexico was undertaken. The research also included a thorough review of government statistics from multiple sources (U.S. State Department, INEGI, Mexican Migration Institute, and OECD) to assess the size of the population of US citizens in the Republic of Mexico. Based on these data sources, ICF estimates that there is a permanent and floating population of US residents in Mexican coastal communities of 200,000-300,000.

In addition, between June 1 and November 15, 2009, the International Community Foundation carried out a survey utilizing a purposive sampling (snowball) technique to secure participation and a representative sampling of U.S. citizens and U.S. permanent residents 50 years of age and older residing in Mexico either on a full-time or part-time basis. For the study in question, a total of 1,003 individuals elected to participate,

responding either using an online survey tool or printed questionnaires. Survey respondents self-identified their "adopted communities" as Baja California, Baja California Sur, Sonora, Nayarit, Jalisco, and Quintana Roo (among other locations). Once the participants were filtered to include only the targeted profile, a total of 842 surveys were able to be used (76 percent). If it is assumed that some degree of random participation was achieved amongst the target group, results would reflect a confidence level of 95% +/- 3.4%.

Concurrent with the Foundation's literature review, survey, and subsequent analysis, five focus groups were organized between August-December 2009 in Rosarito, Baja California (BC); La Paz, Baja California Sur (BCS), East Cape, BCS, San Jose de Cabo, BCS, and Todos Santos, BCS. Each focus group consisted of 10 to 12 participants all of which were self-identified U.S. retirees living in Mexico. The focus group sessions were 2 hours in duration, allowing the Foundation to assess the viewpoints of participants on a wide range of issues impacting the U.S. retiree community in Mexico. For their participation in the focus groups, each participant and their spouse were invited to a meal hosted by the Foundation. To avoid a possible sample bias, spouses were asked not to participate in the focus group sessions.

A thorough discussion of the research methodology is available at:  
<http://www.icfdn.org/initiatives/retireesurvey/index.php>.

### References

A full reference list is available at:  
<http://www.icfdn.org/initiatives/retireesurvey/index.php>.

### Acknowledgements

AAARP and AARP Foundation

*Bahia de Banderas News*

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### About the International Community Foundation

Among U.S.-based community foundations, the International Community Foundation is unique in that unlike other community foundations that serve a defined geographic region in the United States, the Foundation is dedicated to assisting American donors to charitably support their communities of interest internationally. Approximately 22% of the International Community Foundation's donors are immigrants; close to 50% of the International Community Foundation's donors are retirees living abroad either full- or part-time with the majority of these American expatriates residing in coastal communities in Northwest Mexico. For more information regarding the International Community Foundation, visit: [www.icfdn.org](http://www.icfdn.org).

## About the Co-Authors

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## End Notes

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<sup>1</sup> Corporation for National & Community Service, "Keeping Baby boomers Volunteering: A Research Brief on Voluntary Retention and Turnover," March 2007, p2.

<sup>2</sup> Corporation of National and Community Service, "Health Benefits of Volunteering: a Review of Recent Research," April 2007, p3.

<sup>3</sup> The Current Population Survey (CPS) is a monthly national household survey administered by the Census Bureau (Census) for the Bureau of Labor Statistics (BLS). The volunteer supplement is an annual set of questions administered to the CPS survey households specifically aimed at gaining information on Americans' volunteering behavior-i.e., volunteering through or with an organization. Since 2002, the volunteer supplement has been administered on an annual basis. Prior to 2002, the last volunteer supplements had been administered in 1989.

<sup>4</sup> Corporation for National & Community Service, "Keeping Baby Boomers Volunteering: A Research Brief on Voluntary Retention and Turnover," March 2007, p2.

<sup>5</sup> In 2008, an Indiana University study found that that *high net worth* (HNW) volunteers gave more than those that did not volunteer. While only 5.1% of U.S. coastal retirees in Mexico that the International Community Foundation surveyed would be classified as HNW individuals, the CNPC study confirmed that active volunteers are more generous donors. High net worth individuals are defined as those with household income greater than \$200,000 and/or net worth (excluding the value of their residence) of at least \$1,000,000. The average wealth of the University of Indiana/ Bank of America study respondents was \$12.6 million. Half of those who responded had a net worth of between \$3 million and \$20 million. Another survey conducted by the Hartford Financial Services Group in 2009 documented that about half of their 1,000 respondents volunteered and almost 70% contributed financially to a nonprofit.

<sup>6</sup> "CNCS, Health Benefits of Volunteering: a Review of Recent Research," April 2007, p3.

<sup>7</sup> Mendoza-Núñez, Víctor Manuel, María de la Luz Martínez-Maldonado and Elsa Correa-Muñoz. "Implementation of an active aging model in Mexico for prevention and control of chronic diseases in the elderly," in *BMC Geriatrics* 9:40, p6.

## Civic Engagement, Volunteerism and Charitable Giving: Americans Retiring in Mexico's Coastal Communities

21

<sup>8</sup> Nonprofit Times. "Older Americans: We'll Leave the World Worse Off," 9/11/08.

<sup>9</sup> Ibid.

<sup>10</sup> This is consistent with Sunil's study, which notes that activity increases a sense of belonging and self-worth. Sunil, T.S. and Rojas, Viviana. "International Retirement Migration: A Case Study of U.S. Retirees Living in Mexico," in asa05\_proceeding\_19873, p18.

<sup>11</sup> U.S. Embassy-Mexico web site, 2009, <http://www.usembassy-mexico.gov/eng/ePeaceCorps.html>

<sup>12</sup> Peace Corps News. "The Peace Corps Model for Mexico is to Send Older Specialized Volunteers," April 28, 2009. <http://www.typepad.com/services/trackback/6a00d83451e90869e2011570592260970b>.

<sup>13</sup> Nonprofit Times.

<sup>14</sup> Sunil, p16.

<sup>15</sup> Schneller, Andrew J., Ph.D. "Funding, Education, and Outreach Opportunities for Enhancing the Sea Turtle Conservation Movement in Baja California Sur, Mexico," paper delivered at Grupo Tortuguero conference in January 2010.

<sup>16</sup> Fidelity Charitable Gift Fund. "Volunteerism and Charitable Giving in 2009: Executive Summary," 2009, p2.

<sup>17</sup> Ibid, p4.

<sup>18</sup> Bhagat, Vinay, Pam Loeb and Mark Rovner. *The Next Generation of American Giving: A study on the contrasting charitable habits of Generation Y, Generation X, Baby Boomers and Matures*, March 2010, p3.

<sup>19</sup> Ibid, p5.

<sup>20</sup> Ibid, p6.

<sup>21</sup> Ibid, p7-8.

<sup>22</sup> Ibid, p11.

<sup>23</sup> Schneller and Baum.

<sup>24</sup> Sergio Garcia, et al, "Donativos Privados 2006: Un aproximación a la contribución ciudadana para las causas sociales," ITAM/INCIDE Social, June 2009, Annex 1.

<sup>25</sup> *Donataria autorizada* allows a Mexican nonprofit to provide a tax deduction in Mexico; the federal tax agency, Hacienda, maintains another registry for nonprofits that have fulfilled all the requirements of becoming a nonprofit, but have not achieved *donatario autorizado*. Without this tax incentive, many nonprofits cannot convince Mexican individuals, businesses, or foundations to contribute to them.

<sup>26</sup> Servicio de Administración Tributaria (SAT), 2009; CEMEFI, Directorio De Organizaciones Filantrópicas 2006 [2006 Directory of Philanthropic Organizations] (2006).

<sup>27</sup> Wing, Kennard T., Katie L. Roeger, and Thomas H. Pollak. "The Nonprofit Sector in Brief: Public Charities, Giving, and Volunteering 2009," Urban Institute, 2009, p1. and U.S. Census Bureau. "National and State Population Estimates," <http://www.census.gov/popest/states/NST-ann-est2007.html>

<sup>28</sup> Lizárraga Morales, Omar. "Immigration and Transnational Practices of U.S. Retirees in Mexico. A Case Study in Mazatlán, Sinaloa and Cabo San Lucas, Baja California Sur," in *Migración y Desarrollo*, Universidad Autónoma de Sinaloa, 2008, p100-101.